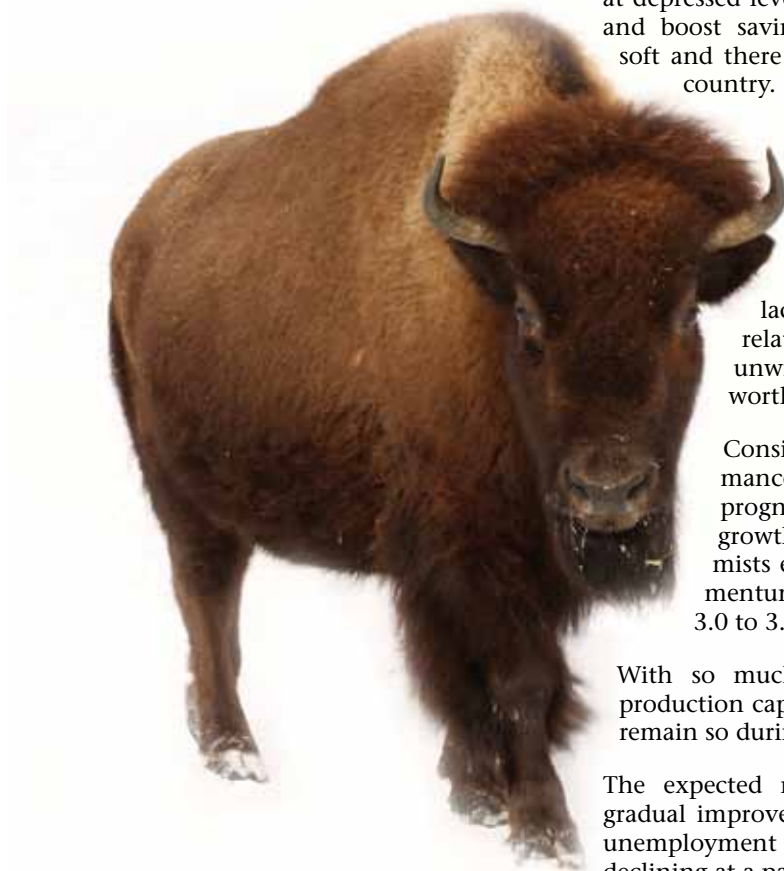


New Job Growth—Slow and Hopefully Steady



The longest and deepest recession in the U.S. since the 1940s officially lasted 18 months, from December 2007 to June 2009. While economic growth—increases in the production of goods and services—resumed in the summer of 2009, the pace of expansion has been slow. As 2010 came to an end, the unemployment rate was about 9.8 percent with over 15 million unemployed, about double the number of jobless than when the recession began three years ago. In addition there are about 9 million part-time workers who want full-time jobs, whose hours have been cut back or who can't find full-time work. Overall, the Bureau of Labor Statistics estimates that around 17 percent of the labor force (those who are working or who want to work) are unemployed or involuntary part-time.

Because of the sluggish pace of economic growth, businesses are reluctant to add jobs. With high unemployment and so much slack in the labor market, consumer confidence remains at depressed levels. Households are still working to trim debt and boost savings while housing prices and sales remain soft and there are serious foreclosure problems around the country.

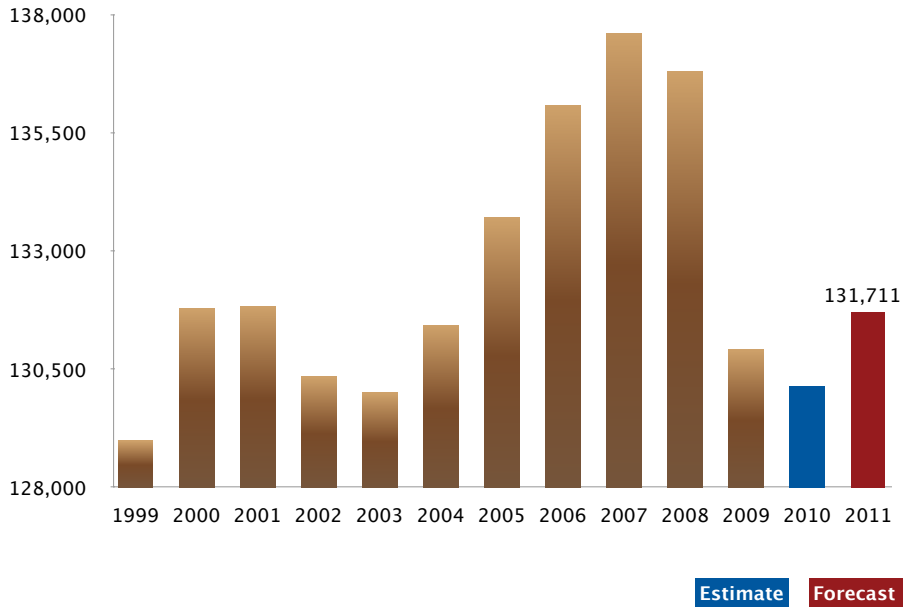
A robust economic expansion must be driven by increased consumer spending, business investment, new housing construction, and increases in exports. Without considerable job growth, the incomes and confidence of consumers and business to spend will be lacking. In addition, small businesses still face relatively tight credit conditions, as banks are unwilling or unable to lend but to the most credit worthy.

Consistent with the disappointing economic performance in the second half of 2010, many economic prognosticators have lowered their forecasts for growth during 2011. At the same time, most economists expect that the recovery will slowly gain momentum during 2011 reaching somewhere between 3.0 to 3.5 percent economic growth by years end.

With so much slack in the labor market and unused production capacity, inflation is very low and is expected to remain so during 2011.

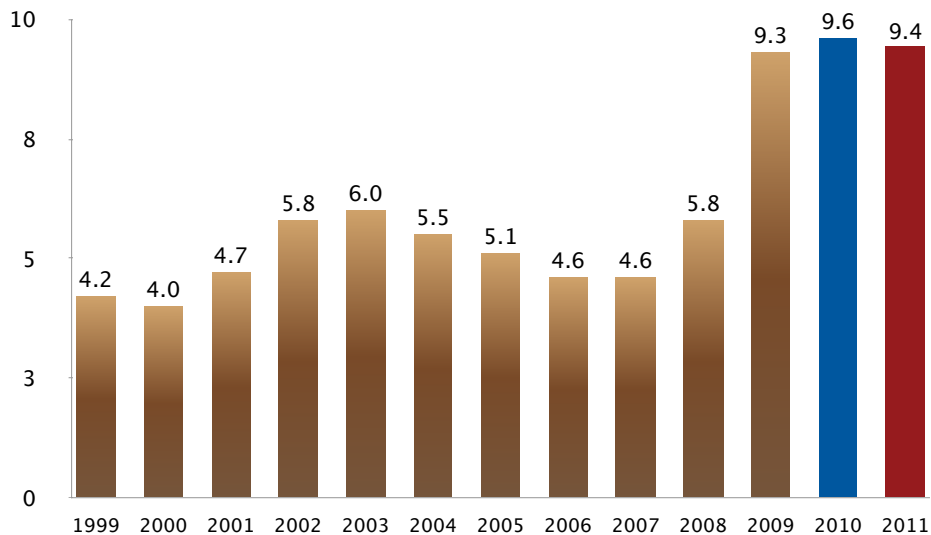
The expected modest new job growth will bring about gradual improvements in labor market conditions. Levels of unemployment and underemployment will remain elevated, declining at a painfully slow pace. ❶

U.S. Annual Average Nonfarm Jobs



Levels of unemployment and underemployment will remain elevated, declining at a painfully slow pace.

U.S. Unemployment Rate (percent)



Source: U.S. Bureau of Labor Statistics and Utah Department of Workforce Services.